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ABSTRACT

This report presents the problems of rural Pennsylvania and proposes solutions to those problems. Because the news media does not systematically report on rural situations, the public lacks awareness concerning the problems in rural Pennsylvania. Rural problems include high unemployment rates, high welfare expenditures, out migration, low educational attainment, and high divorce rates. County commissioners can form a Rural County Caucus, become active in statewide rural groups, support rural legislative initiatives, network with other rural areas, encourage local cooperation among agencies, and involve counties in regional cooperation. Specific suggestions for economic development are: (1) locating rural demonstration sites; (2) creating a non-partisan Blue Ribbon Committee to study the problems and report to the governor and legislature; (3) setting up a renaissance fund for the revitalization of economically depressed Pennsylvania counties; (4) developing a symposium on rural problems; (5) expanding the Center for Rural Pennsylvania; (6) overseeing economic development across regions; (7) encouraging investment in Pennsylvania; (8) providing services to scout for new business; (9) developing school-based industries; (10) setting up a statewide entrepreneurship education program for rural areas; (11) immediately investigating new or redefined industries; (12) regenerating the local economy; and (13) building a state university system in rural economic development. The document includes a proposal for a bill for a renaissance fund for revitalization of economically depressed Pennsylvania counties. (KS)

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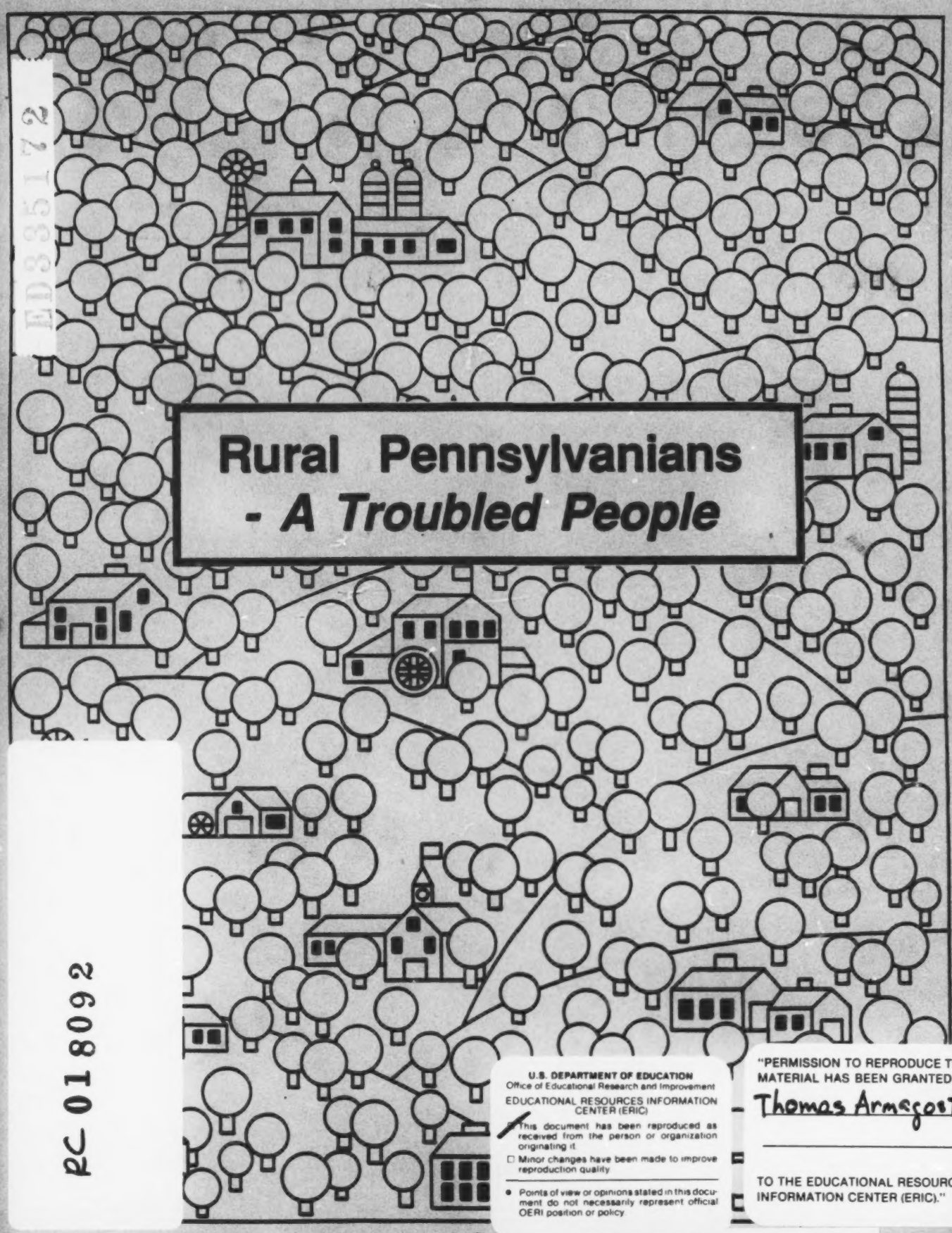

Rural Pennsylvanians
- *A Troubled People*

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Rural Pennsylvanians

A Troubled People

A document that presents the problems of rural Pennsylvania and proposes solutions to those problems.

Prepared for the Rural County Caucus

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INTRODUCTION

We now live in a global village, where events in one corner of the world impact on the entire planet. The concept of local self-interest is long past. When one segment of our populace is dying a slow and agonizing death, it will soon spread and affect us all. We cannot let rural Pennsylvania become a ward of our economically healthy and thriving urban areas. The creation of a rural "welfare state" in our midst will become a weight that we will not be able to bear.

The following document is both a list of problems and succinct plans for remediation. Pennsylvania recognizes America's rural heritage as the cornerstone of our democratic principles. Let us once again turn our attention to those who are the bulwark of our Commonwealth and its history.

SOME BACKGROUND

Rural America, and therefore rural Pennsylvania, was the bastion of our agrarian base well into the twentieth century. By the 1950's, mechanization of agriculture created a surplus population with a need for jobs. Factories placed in rural and semi-rural areas were then populated with people whose work ethic, in many cases, exceeded their urban counterparts.

Those factories that flourished in the mid 20th century have now been removed by their absentee landlords to foreign countries. The robotization of industry has reduced the need for semi-skilled workers. The location of high tech industries to metropolitan centers has laid waste the rural worker's ability to supplement his farm income or to make a living.

In Pennsylvania, the diminution of the coal industry has brought the picture of ready jobs to a conclusion. In such areas as Clarion County, where thirty five coal companies once flourished, two are now functioning feebly. Where a high school graduate, or even a dropout, commanded a five figure salary for operating a coal truck, the company that owned that truck no longer exists. Industries, such as the glass manufacturers, once the pride of Rural Pennsylvania, now find themselves co-opted by a plastic oriented society that demands quick disposal and unbreakable containers. The result of this shift is a diversification of the companies into plastic production in mechanized plants far from Rural Pennsylvania.

Since 1978, Pennsylvania has been above the national unemployment statistics by from one to two percent. By 1986, Pennsylvania was below the national average. National statistics indicate that heavily rural areas seem to suffer longer and harder during times of unemployment than do urban areas. This trend exists in our own state. While the national unemployment rate for 1987 was 6.2% and 5.7% in

Pennsylvania, the unemployment rate for such rural counties as Forest (10.3%), Clearfield (9.7%), Fayette (10.1%), Greene (13.2%), Huntingdon (9.8%), Armstrong (9.5%) and Clarion (9.5%) are all significantly higher. It appears that in many cases rural unemployment rates are twice the urban rates. In a state where thirty-seven counties have no measurable urbanized areas (towns over 10,000), the problems of unemployment are severe.

WHY THE LACK OF PUBLIC AWARENESS OF RURAL PROBLEMS?

Turn on the evening news, or better still watch the cable news channel for a long period of time. Whether one watches the national news or stories from Altoona, Johnstown, Scranton, Erie, Harrisburg, Pittsburgh or Philadelphia, there are no news stories that tell of the combined plight of our rural folks. Larger television or radio stations may report isolated events or statistics for an individual place or the entire state, but rarely a complete story about rural Pennsylvania.

The print media in large metropolitan areas cover a wide range of topics concerning their travails. However, the Oil City Derrick, the Titusville Herald, the Punxsutawney Spirit or Bradford Era cannot tell the story of the entire scope of rural Pennsylvania.

Our public, both rural and urban, are not aware of the ills of rural Pennsylvania. The compilation of rural data, so common for metropolitan areas and reported by the media, is not generally available to either public. This lack of awareness creates an aura of placid acceptance of the worsening economy of rural Pennsylvania.

Recently, articles in the Wall Street Journal and Newsweek magazine have described the surface of rural problems. The magnitude of the plight of rural people has yet to hit the Harrisburg Patriot, the Philadelphia Inquirer, the Pittsburgh Post-Gazette or the major TV stations.

SOME SPECIFIC OBSERVATIONS ABOUT RURAL PROBLEMS IN PENNSYLVANIA

1. In June of 1988, the statewide unemployment rate (not seasonally adjusted) was 5.6%. The unemployment rate for rural counties was 6.7%.

2. Of the ten counties with the highest unemployment rates in 1985, 1986 and 1987, nine of them were rural.

3. Government programs tend to focus on urban areas when dealing with economic development programs.

   A. PIDA (Pa. Industrial Development Authority) loans in 1986 - of the 90 projects funded, 68 were in urban counties - of the $45,631,624 in the project $33,082,241 (72.5%) was spent in urban areas.

   B. Of the 919 Revenue Bond and Mortgage projects in 1986 - 757 (82%) were in urban areas. The $1.41 billion represented 86.3% of the $1.63 billion available for the program.

4. In 1986 , 10 counties had welfare expenditures per capita above the state average of $318.96. Six of those counties were rural. Three rural counties had expenditures higher than that of Philadelphia's $674.36. Snyder County - $1296.78; Venango County - $1038.09; and Montour County - $1033.12.

5. People are leaving rural areas at a rate that exceeds the migration in the 60's and 50's (a national trend).

6. Are there good jobs in your counties for your sons and daughters?

7. The average rate of post-secondary education in Pennsylvania is 49.53%. Of the 42 counties with over 50% rural populations, 36 (85.71%) have rates below the state average. Of the 25 urban counties, 11 (44%) counties were below the state average.

8. The state average percent of people getting welfare payments was 6.4% in 1986. There were 16 counties with averages above the state's - 11 of them were rural.

9. The average in divorce statistics for 1985 in Pennsylvania per thousand population was 3.4 %. Seventeen counties were above the average. Fourteen of those counties were rural.

10. We are 30.7% of the population. Do we receive our share of Pennsylvania's resources?

SO WHAT CAN WE DO AS COUNTY COMMISSIONERS?

Political power rests in the arms of those who represent the majority of the Commonwealth. Rural people must develop LEADERSHIP and a spirit of COOPERATION to get a fair share of the American Dream. For too long "We act like a nickel and dime constituency and then we're stunned that all we get are nickels and dimes." Rural people have a deep and abiding faith in the democratic system by which we live. We were a rural country when we were born. We helped to create the manner by which we are governed. Now it appears that we must remind those people in charge of our heritage and our need to be treated equitably.

Here are some POLITICAL suggestions:

1. Form a Rural County Caucus to speak out for rural Pennsylvania. Rural County Commissioners are closest to local problems and represent a large constituency (42 x 3 = 126) within elected officials.

2. Become active in statewide rural groups (Rural Coalition, Rural Electric Co-op, PA Association of Rural & Small Schools).

3. Inform legislators of your views as a group.

4. Support rural legislative initiatives on a state and national level.

5. Look at the state budget from a rural perspective.

6. Involve your counties in regional cooperation in tourism, economic development, transportation, joint purchasing, social services, and so on. If you already do it, bless you.

7. Network with other rural areas around the state who have similar problems and have solved them.

8. Familiarize yourselves with the advantages of living in rural areas - clean environment, good place to raise children, small town living, individual attention, lower living costs, etc.

9. Build partnerships between county government, other agencies, local businesses and financial institutions.

10. Encourage cooperation between agencies - schools, tourism, chambers of commerce.

11. Who is really doing economic development in your area? Centralize the process.

12. Why can't rural areas be on the "cutting edge" of technology?

13. Help raise your county's expectations.

14. Encourage our congressmen to join the Congressional Rural Caucus (H2-595 House Office Building, Washington, D.C. 20515; 202/226-3737; Frank G. Tsutras)

SOME SPECIFIC SUGGESTIONS ABOUT ECONOMIC DEVELOPMENT IN RURAL PENNSYLVANIA

#1 RURAL DEMONSTRATION SITES

We must test the ability of all the forces of society, both the private and public sectors, to cooperate in the solution of a problem. We can create a prototype region within Pennsylvania and then marshall the forces of state government and private industry to solve the problems of just one area.

1. Choose any rural county or set of counties in one place in Pennsylvania.
2. Provide the area with the priority status for all governmental programs.
   A. Funding for Economic Development
   B. Educational and Vocational Monies
   C. Road and Bridge Funding
   D. Social Service Monies
   E. Funding for Sewage and Water Projects
3. Provide one liaison person within the government to act as ombudsman for the area.
4. Provide tax credits for companies investing in the area - either start up or expanding (this could be a reduction of a state tax).
5. Establish foreign trade and enterprise zones in the area.
6. Encourage municipalities to cooperate with each other by providing monetary incentives.
7. Encourage county governments to work together to provide joint services.

#2 BLUE RIBBON COMMITTEE

A non-partisan Blue Ribbon Committee of both private and public representation must be appointed to study the problems of rural Pennsylvania and report to the Governor and legislature within a short period of time.

#3 RENAISSANCE FUND FOR THE REVITALIZATION OF ECONOMICALLY DEPRESSED PENNSYLVANIA COUNTIES

(see page 17 for a separate proposal for a bill to be passed by the legislature)

#4 SYMPOSIUM

To call attention to the plight of rural Pennsylvania, a "State Symposium on Rural Problems" should be held now. The Governor would be the main speaker. The details of the event would not be as important as the impetus that it might serve in getting things going.

#5 EXPAND THE CENTER FOR RURAL PENNSYLVANIA

With the largest rural population in the United States, it is mandatory that we continue to fund the Center for Rural Pennsylvania. This center could be the ongoing force for the gathering of data and the providing of human resources for solving rural problems. This fledgling organization is located in Harrisburg and is available to the legislature, administration, counties and private industry. Staffing and resources should be enlarged as a line item in the budget. The center could then be expanded to work on: Rural Education, Rural Economic Development, Rural Social Problems, etc.

#6 ECONOMIC DEVELOPMENT "CZAR"

In an era of the decentralization and localization of government, it seems contradictory to present such an idea. However, the fragmentation of economic development across our Commonwealth has hurt rural Pennsylvania. Attention has been paid and monies have been allocated with scattered regard to huge unemployment problems in rural areas. How will areas with the inability to provide program writers, grant writers, legislative lobbyists, etc., ever have a chance for the programs and funds that are available? We need an overseer to watch out for everyone's interests.

#7 INVESTMENT IN PENNSYLVANIA (Where does the dough go?)

What are our large banks, investment bankers, stockbrokers and bond houses telling clients about investing in Pennsylvania? We need a gathering of all these people to ask them some questions, to listen to them and their suggestions for getting rural Pennsylvania to the top of their preferred lists. Encourage their people to invest in rural areas in our Commonwealth, rather than in overseas activities.

#8 A SCOUTING COMBINE

Just as the NFL has its scouting organization to seek out talent across the country, couldn't we in Pennsylvania set up an organization that would scout for new businesses, new patents, new licenses and talent for our state? Couldn't we charge a fee for this service to local municipalities and private firms to bring in new ideas and businesses to Pennsylvania?

#9 SCHOOL-BASED INDUSTRIES

A new idea has arisen in a number of states, blurring the distinction between public and private enterprise. As an example, the University of Georgia helped two local public high schools to set up and train youngsters to start private businesses (not in competition with all other local businesses). One was a day care center, another a goat milk production facility and a third an eleven mile long railroad. All of these projects were successful and profitable. If we are really looking to stimulate entrepreneurial skills, here's a good start.

#10 STATEWIDE ENTREPRENEURSHIP EDUCATION PROGRAM FOR RURAL AREAS

During the 12 month period ending September 1983, the number of jobs in small business dominated industries increased 2.6% about twice the rate for large businesses. Small business income in 1983 increased 18% over 1982. In that same time period, wages and salary income rose by only 6.1%. According to Peter Drucker, from 1950-1970 the growth dynamics of America's economy lay in established institutions, but since 1970 and especially since 1979, these dynamics have moved to the entrepreneurial sector. Entrepreneurs start their businesses where they live. We need to create a climate whereby we can nurture those kind of people. The goal of entrepreneurship education is to establish the value of small business to the nation. This kind of education process could take place in local communities, local schools (vocational & regular), universities, or even at the courthouse.

#11 IMMEDIATE INVESTIGATION OF NEW OR REDEFINED INDUSTRIES

We must carve out some niche of 21st century technology or life styles to begin here in Pennsylvania. We must see ourselves as capable models for the creation of new industries or the redefinition of old industries. We cannot continue to chase the "Smokestack Industries." Here are some suggestions:

I. Continuous crop production (new technology available)
II. Electric generation with high sulphur coal (new technology available)
III. Novel approaches to waste management (new technology available)
IV. Statewide approach to tourism and leisure time (redefining the industry)

#12 REGENERATION OF OUR LOCAL ECONOMY

Have you heard the term "Banana Republic?" It was used to describe South American countries that sent us their raw materials, so that we could add value to it and resell it to the rest of the world. We now import so many things into our area - food, wood products, things that were cultivated, mined or drilled in our area, exported, added to in value, and then sold back to us. We could be described as a Banana Republic. We have 75% of the world's hardwoods in Northwestern Pennsylvania and Southern New York. We send them to Japan for construction of furniture and then import them at pleasant costs. Pennsylvania is one of the great agricultural states, yet we import over 71% of our food. We spend over 8 billion dollars of our dough for food coming into our area. We could expand our own food production locally. We could encourage local markets, maintain the farm resource base, and expand consumer awareness. There are many ways of discovering what we can do for ourselves - conduct market searches (in agriculture, energy, preventive health care). We could have a local goods and services fair. We could even encourage local people to start businesses that would serve the large companies in our areas.

#13 STATE UNIVERSITY SYSTEM IN RURAL ECONOMIC DEVELOPMENT - A RIDICULOUSLY LOGICAL PROPOSAL

Part of the mission statement of the entire state university system in our Commonwealth is this:

* To provide undergraduate and graduate instruction for students to and beyond the master's degree in liberal arts, sciences, the professions and other applied fields, including the teaching profession, with opportunities for research, artistic effort and scholarly achievement and personal growth consistent with the mission of the system.

* To provide continuing education, community and public services in accord with the needs and aspirations of citizens and the social, cultural, economic, and technical needs of the Commonwealth.

* To participate in and help provide leadership for the **economic revitalization** and development of the Commonwealth.

* Chiefly residential, and located outside the larger cities, the state system universities shall emphasize a collegiate experience where living and learning go together.

These four statements have led us to suggest what can be called a ridiculously logical proposal,

A. Whose objectives are these:

* To improve education in Pennsylvania
* To improve the economy and quality of life in rural Pennsylvania
* To improve quality of the state universities of Pennsylvania
* To develop leadership in certain new or innovative fields of study

B. Observations

1. Most state universities in Pennsylvania are in rural areas.
2. Most state universities in Pennsylvania are still training a significant portion of our state's future teachers, as well as current teachers, through master degree programs.
3. Each school has a long tradition in a particular field of study that is now undergoing major change.
4. Graduates of BS or MS programs are forced to go to the University of Pittsburgh, Temple or Penn State, or out of state to further their education in special fields.

C. Suggested treatment for developing solutions to these stated needs are:

1. Provide the state universities of Pennsylvania with capabilities to do basic and applied research.
2. Provide the state universities of Pennsylvania with the capability of delivering doctoral programs in the fields of study related to research programs.

D. Examples

Institution	Traditional Specialty	New Fields
Slippery Rock	Health & Phys. Ed.	Biomechanics
Clarion	Rural Library Science	Communications Info. Mgmt.
California	Industrial Arts	Robotics

Other fields that can provide opportunities for research are rural studies, future studies, hazardous waste, coal alternative energy, etc.

E. By pursuing these directions, teachers, or future teachers, will be on the "cutting edge" rather that being "behind the times."

These research capabilities will produce offshoot community development and commercial enterprises that can revitalize rural economies.

The quality of the state universitites of Pennsylvania would improve significantly. They would be ignited by participation in intellectural and academic growth.

Our state can develop leadership in some of the new fields of study that are affecting our society.

We could develop special teacher education programs for our rural areas. We could give incentives for people to teach here. We must lessen the emphasis on programs which prepare kids for Lower Merion, North Allegheny, Wyomissing and start paying attention to Turkeyfoot Valley and the Sullivan County schools.

Our public schools would be the beneficiary of this new partnership between our universities and basic education. We must be cognizant that local leadership, innovative leadership, is the backbone of success stories coming out of rural schools. Given an even shot at excellence, rural schools have always come through when there has been: Community Involvement, Local Initiative and Innovative Leadership.

Since partnerships between industry and education is a current buzzword, let us emphasize that rural communities invented the concept. Its beginnings have their roots in the relationship between vocational agriculture and local rural schools.

RENAISSANCE FUND FOR REVITALIZATION OF ECONOMICALLY DEPRESSED PENNSYLVANIA COUNTIES

I. WHAT IS THE PURPOSE

To develop a fund to support economic development enterprise in counties where unemployment is significantly above state averages. Grants will be given to specific organizations (below named) for the purpose of either creating jobs or improving infrastructure so that climate is improved for economic development. Counties and agencies who have not been availed of state government funds will be a priority.

II. WHO QUALIFIES

A. Organizations that exist within counties or groups of counties with the following profiles:

3% above the Pennsylvania Civilian Labor Force Unemployment Rate (seasonally adjusted) for the three full calendar years beginning with the 1989 - 90 fiscal year.

B. Organizations eligible

1. County Industrial Development Agencies
2. County or Multicounty Tourism Bureaus
3. County Water & Sewage Authorities
4. State Universities
5. Community Colleges
6. Job Training Agencies (JTPA, Partnership Agencies)
7. Municipalities (joint ventures preferred - COGS)
8. County Governments
9. Vocational Technical Schools
10. Regional Planning Units

III. HOW DO YOU APPLY

A. Get application from County Commissioners
B. Application goes to Economic Development Partnership Board (or Department of Commerce)
C. Decision is made every month at their board meeting
D. Deadlines are monthly
E. Format
   1. Identification of Agency
   2. Problem Statement
   3. Project Solution/Narrative
   4. How will this project create jobs/encourage economic development
   5. Project Budget
   6. Contact Person

IV. WHO DECIDES

A. The Economic Development Partnership Board or Department of Commerce (could be in the 6 regions).
B. Done each month.
C. Based on criteria (to be established) - direct/indirect job creation.
D. Joint ventures encourages, based on need/and merit of proposal (need 75% - merit 25%) Priority will be given to counties and agencies that do not have grants & loans from other governmental agencies.

V. KINDS OF PROJECTS

A. Feasibility studies for industry to locate in the county
B. Feasibility studies for industry to expand in the county
C. Infrastructure improvement - roads, bridges, sewage, water, solid waste, telecommunications, utlitites

D. Venture capital for startup companies, or expanding companies now in existence (could be interest free loan)
E. Improvement of agricultural endeavors
F. Tourism projects
G. New equipment for job training purposes
H. Outreach programs for industrial & commerical development

VI. WHERE DOES MONEY COME TO?

Grants will come directly to above mentioned organizations

VII. HOW MUCH MONEY?

$175,000,000 each year for three years.

CONCLUSION

Beyond the statistics, the lack of notoriety, the negative forces, where are we right now in rural Pennsylvania? We believe that we are at the beginning. We have the opportunity to do something worthwhile. Those of us in rural areas should get off the defensive one yard line and get on the offensive.

We are at a point where our problems are being recognized. For the sake of our people and especially our children, let us cooperate. Let us partner, let us work together. We in rural areas, can no longer be the lone rangers. "We will all hang together, or most assuredly we will hang separately."

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